



Cinergy Corp.
139 East Fourth Street
Rm 25 AT II
P.O. Box 960
Cincinnati, OH 45201-0960
tel 513.287.3601
fax 513.287.3810
jfinnigan@cinergy.com

VIA OVERNIGHT DELIVERY

November 18, 2005

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

John J. Finnigan, Jr.
Senior Counsel

RECEIVED

NOV 21 2005

PUBLIC SERVICE
COMMISSION

Re: Annual Cost Recovery Filing for Demand Side Management by The Union Light,
Heat and Power Company
Case No. 2005-00402

Dear Ms. O'Donnell:

I have enclosed an original and twelve copies of The Union Light, Heat and Power Company's Amended Application in the above-referenced case.

Please date stamp and return the two extra copies in the enclosed, self-addressed envelope.

If you have any questions, please do not hesitate to contact me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

cc: All parties of record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 21 2005

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY)
FILING FOR DEMAND SIDE) Case No. 2005-00402
MANAGEMENT BY THE UNION)
LIGHT, HEAT AND POWER COMPANY)

AMENDED APPLICATION OF
THE UNION LIGHT, HEAT AND POWER COMPANY
FOR APPROVAL OF A PILOT
HOME EMERGENCY ASSISTANCE PROGRAM

Pursuant to KRS 278.285, The Union Light, Heat and Power Company ("ULH&P") hereby amends its Application for approval of its 2006 Demand Side Management ("DSM") programs to add a request for approval of a new Pilot Home Emergency Assistance Program to be administered under the umbrella of ULH&P's current WinterCare program. As background, ULH&P states that on September 30, 2005, it filed its annual report and request for continuation of certain DSM programs, and true-up to its DSM riders. This application is still pending.

Since ULH&P filed its application, energy prices have risen sharply, due to fuel shortages and supply disruptions. ULH&P has several bill management programs to help customers deal with their energy costs. Additionally, ULH&P this winter has significantly increased its efforts to educate customers about conservation measures, bill management programs and financial assistance programs. This media effort includes radio and newspaper advertisements, direct mail, billboards, bill inserts/messages, a new website

(CinergyComfort.com), and a dedicated telephone help line (1-888-BEWARM2). The total cost of this new advertising for the Tri-State area for 2005 is over \$650,000.

For the past several years, ULH&P has operated a voluntary financial assistance program known as WinterCare. The WinterCare program provides financial assistance to low income ULH&P customers to help pay their gas and/or electric bill. Eligibility is based upon need and does not necessarily follow government assistance guidelines. Eligible customers can receive up to \$300.00 in assistance for their utility bill. WinterCare is completely funded by ULH&P employees, customers, and shareholders. For this winter season, ULH&P will match \$1.00 for every \$1.00 donated, up to \$25,000. Previously, ULH&P matched \$1.00 for every \$2.00 donated.

ULH&P is concerned that, with the rising energy costs, low income customers may need additional assistance to be able to pay their energy bills this winter. In addition to the programs described in its original application, ULH&P proposes a new DSM energy assistance program under the umbrella of the WinterCare program. ULH&P has consulted with the Residential DSM Collaborative to seek its support for this program.

This program would be eligible to customers who meet an income qualification level which is up to 200% of the federal poverty level. ULH&P estimates that approximately 14,400 customers could be eligible for this program (based on the number of single family owner-occupied households within ULH&P's service area that have qualifying income levels). Program participants must be current ULH&P customers.

ULH&P proposes to charge residential electric customers \$0.000265 per kWh and residential gas customers \$0.05 per Mcf for the twelve-month period following Commission approval. Based on normal winter usage, this is expected to generate approximately

\$385,000 in revenues for each service for a total of approximately \$770,000. The total annual bill cost impacts to customers are expected to be approximately \$4.00 for gas customers and approximately \$3.00 for electric customers. The worksheet at Attachment A shows the estimated bill impacts based on normal customer usage and the estimated revenues.

ULH&P would notify customers of these charges through a bill message to be included on customers' bills during the 12-month period these charges would be in effect. The funds generated would not be administered under the purely discretionary basis as are the current WinterCare funds, but rather would be used to provide bill credits for eligible customers, and would initially target customers at the 150-200% federal poverty guideline level, as these low income customers are not eligible for assistance under existing financial aid programs. The funds ULH&P raises through the current voluntary component of the WinterCare program will continue to be administered by Northern Kentucky Community Action Commission ("CAC") on a discretionary basis, to allow CAC the flexibility to address the particular hardship situations they may encounter. In addition, ULH&P is contributing \$25,000 in new funding for this winter season's WinterCare program, also to be administered by CAC on this discretionary basis. This could result in up to \$75,000 in voluntary WinterCare funding, if customers donate at the maximum matching level.

The new program would also be administered by the CAC, which also administers ULH&P's current Home Energy Assistance Plan known as "Payment Plus." The CAC would income qualify the participants and provide the relevant information to ULH&P. ULH&P would apply the bill credits to eligible customer bills and notify the customers of the credits through a bill message. A formula will be used for calculating the bill credit. The

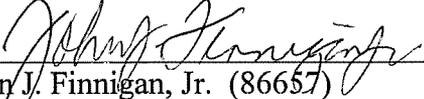
formula may be based on factors such as the size of the participants' household and income, the amount of the household's utility bills, the amount of arrearages, the number of heating degree days versus normal heating degree days for the billing period under consideration, and any significant changes in costs of utility service. CAC's additional cost for administering this program would be included as part of the DSM program administration costs.

The Collaborative's review is pending, and ULH&P will notify the Commission of the outcome as soon as the Collaborative reaches its decision. If approved, ULH&P will report on the results of this program as part of its next annual DSM report in September 2006. At that time, ULH&P will include a request to continue, modify, or terminate this program based on results from the pilot program and market conditions existing at that time. Attachment B-1 consists of the proposed Rider DSMR tariff sheets for gas and electric services based on the currently applicable DSM rates but with the residential portion of the riders modified to include the Heat Fund incremental rates of \$0.05 per Mcf for gas service and \$0.000265 for electric service. Attachment B-2 contains the DSMR gas and electric riders which ULH&P filed September 30, 2005 which have now been modified to likewise include the incremental Heat Fund charges shown above.

ULH&P submits that the above circumstances constitute good cause and therefore requests the Commission to approve this application after 20 days notice, as provided in KRS 278.180(1). Additionally, ULH&P requests that the Commission issue an interim order approving this DSM program after 20 days notice, so that ULH&P can implement this program while the Commission completes its review of the remainder of ULH&P's pending DSM application.

Respectfully submitted,

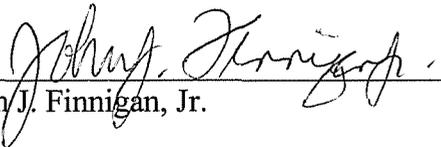
THE UNION LIGHT,
HEAT AND POWER COMPANY



John J. Finnigan, Jr. (86657)
Senior Counsel
Cinergy Services, Inc.
P. O. Box 960
Room 2500, Atrium II
139 East Fourth Street
Cincinnati, Ohio 45201-0960
Phone: (513) 287-3601
Fax: (513) 287-3810
e-mail: jfinnigan@cinergy.com

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Amended Application of The Union Light, Heat and Power Company for Approval of a Pilot Home Emergency Assistance Program was served on the following by overnight mail this 18th day of November, 2005.



John J. Finnigan, Jr.

Anne Louise Chevront
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Ky 40601

COUNSEL FOR GREGORY D. STUMBO
ATTORNEY GENERAL

Richard G. Raff
Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

COUNSEL FOR PUBLIC SERVICE COMMISSION

Florence W. Tandy
Northern Kentucky Community Action Commission
P.O. Box 193
Covington, Kentucky 41012

EXECUTIVE DIRECTOR FOR NKCAC

Carl J. Melcher
Northern Kentucky Legal Aid
302 Greenup Street
Covington, Kentucky 41011

COUNSEL FOR NORTHERN KENTUCKY LEGAL AID

The Union Light, Heat & Power Company

**Proposed Heat Fund Rates for Gas and Electric Services
Based on Equalization of Gas and Electric Heat Fund Amounts**

	GAS	ELECTRIC
1) <u>Annual Residential Consumption</u>	<u>7,702,477</u> (Mcf) (a)	<u>1,451,109,000</u> (kWh) (b)
2) Proposed Heating Fund Surcharge (\$/Mcf)	\$ 0.05	
3) Estimated Heating Fund Amount (Ln 1 x Ln 2)	\$ 385,124	
4) Average Monthly Residential Usage (Mcf)	6.8	
5) Average Monthly Charge (Ln 2 x Ln 4)	\$ 0.34	
6) Average Annual Amount Paid (Ln 5 x 12)	\$ 4.08	
7) Proposed Heating Fund Surcharge (\$/kWh)		\$ 0.000265
8) Estimated Heating Fund Amount (Ln 1 x Ln 7)		\$ 384,544
9) Average Monthly Residential Usage (kWh)		1,000
10) Average Monthly Charge (Ln 7 x Ln 9)		\$ 0.27
11) Average Annual Amount Paid (Ln 10 x 12)		\$ 3.24

Notes: (a) Residential gas consumption represents budgeted weather-normalized annual data for 2006.
(b) Residential electric consumption represents budgeted annual data for 2006.

The Union Light, Heat and Power Company
Determination of Proposed Electric Heat Fund Rate

1) Typical Gas Customer Bill (10.8 Mcf) (a)	\$	137.68
2) Proposed Heat Fund Amount @ \$.05/Mcf	\$	0.54
3) Impact of Heat Fund on Typical Bill		0.3922%
4) Typical Electric Customer Bill (1,000 kWh) (a)	\$	68.54
5) Bill Impact Percent		0.3922%
6) Monthly Heat Fund Amount	\$	0.27
7) Proposed Heat Fund Rate (Ln 6 / 1000) (\$/kWh)	\$	<u>0.000269</u>
8) Projected Residential Electric kWh Sales for 2006		1,451,109,000
9) Total Proposed Heat Fund Amount Collected (Ln 7 x Ln 8)	\$	<u>390,348</u>

(a) Based on average 2005 rates.

The Union Light, Heat and Power Company
1697-A Monmouth Street
Newport, Kentucky 41071

Ky.P.S.C. Electric No. 4
Ninth Revised Sheet No. 78
Cancels and Supersedes
Eighth Revised Sheet No. 78
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the December 2005 revenue month is 0.1988 cents per kilowatt-hour. (I)

The DSMR to be applied to non-residential service customer bills beginning with the March 2005 revenue month for distribution service is (0.0328) cents per kilowatt-hour, and 0.00000 cents per kilowatt-hour for transmission service.

Issued by authority of an Order by the Kentucky Public Service Commission, dated _____ in Case No. _____

Issued:

Effective: November 30, 2005

Issued by Gregory C. Ficke, President

The Union Light, Heat and Power Company
1697-A Monmouth Street
Newport, Kentucky 41071

Ky.P.S.C. Gas No. 5
Ninth Revised Sheet No. 62
Cancels and Supersedes
Eighth Revised Sheet No. 62
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 61 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the December 2005 revenue month is 3.79914 cents per hundred cubic feet. (I)

The DSMR to be applied to non-residential service customer bills beginning with the March 2005 revenue month is 0.00 cents per hundred cubic feet.

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Issued:

Effective: November 30, 2005

Issued by Gregory C. Ficke, President

The Union Light, Heat and Power Company
1697-A Monmouth Street
Newport, Kentucky 41071

Ky.P.S.C. Gas No. 5
Tenth Revised Sheet No. 62
Cancels and Supersedes
Ninth Revised Sheet No. 62
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 61 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the January 2006 revenue month is 1.83030 cents per hundred cubic feet. (I)

The DSMR to be applied to non-residential service customer bills beginning with the January 2006 revenue month is 0.00 cents per hundred cubic feet.

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Newport, Kentucky 41071

Ky.P.S.C. Electric No. 4
Tenth Revised Sheet No. 78
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Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the January 2006 revenue month is 0.1317 cents per kilowatt-hour. (R)

The DSMR to be applied to non-residential service customer bills beginning with the January 2006 revenue month for distribution service is (0.0121) cents per kilowatt-hour, and 0.00000 cents per kilowatt-hour for transmission service. (R)

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